

How Do I Finance My Growing Staffing Company?



Discover the business-boosting benefits of payroll funding for your staffing firm, including better cash flow, help with tough credit decisions and staying on top of collections

The last thing a thriving staffing company wants is for cash-flow challenges to stall its ability to ramp up growth. However, most small businesses (61%) need help with this issue. Without steady cash flow, roughly one-third struggle to fund payroll, repay loans, and pay vendors on time.¹

Whether you've recently launched a staffing firm or want to move your experienced company into a high-growth mode, finding a way to steadily finance payroll — without sacrificing your hard-earned equity — can mean the difference between success and failure.

Fortunately, payroll funding can be a simple solution for regulating and financing cash flow. Here's how your staffing business could benefit from it.

What is payroll funding?

Payroll funding is a type of working capital that enables your organization to fulfill its payroll obligations without

liquid assets. Unlike a standard loan, payroll funding is a quick and efficient financing option for businesses, making it a popular choice among startups and high-growth organizations. And the best part? It doesn't require you to give up any equity.

By purchasing your company's verified outstanding invoices, a business known as a factoring company will provide your staffing firm with funds from a new invoice the day you send it to your customer instead of waiting 15, 30 or even 60+ days. If you're like most staffing companies and are constantly generating invoices for completed work, payroll funding can essentially function like a line of credit for your business.

Payroll funding is especially beneficial for startups struggling to acquire a traditional bank loan due to insufficient credit history. That's because factoring companies accept clients based on the creditworthiness of the client's customers rather than the client itself.

By providing your company with access to a consistent flow of cash, payroll funding offers peace of mind in ensuring your payroll is always met.

¹ "QuickBooks State of Cashflow Report." Intuit QuickBooks. <https://quickbooks.intuit.com/cas/dam/DOCUMENT/A9ZEuglLn/Full-results-of-Cash-Flow-Survey-General.pdf>

How does it work?

Your staffing company likely runs into regular challenges that disrupt your payroll cycle. Whether it is pay cycles not syncing with accounts receivable or late-paying customers, the disconnect can cause client friction, slow company growth, and put your ability to build and add more employees at risk.

Payroll funding can help your staffing firm prevent cash-flow issues from arising through six easy steps:

1. Complete your staffing services for the billing cycle.

Because payroll funding, also known as invoice factoring, is based on already completed products and services, your company cannot take advantage of it until after you've rendered your services. (In a staffing companies case, until after your employees worked their hours.)

2. Submit invoices and timecards.

Your company collects the approved timecards from your employees and clients. Then generates the invoices to send to your client and your payroll funding company for the previous weeks hours.

3. Invoice and timecard review.

The factoring company then reviews the invoices and timecards to verify and match them to your customers.

4. Receive a 90-95% fund transfer.

In the case of Meritus Capital, once your customers are confirmed, we will transfer to you 90-95% of your outstanding accounts receivable for payroll use.

5. Your customer pays their invoice.

Your customer is directed to pay the invoices directly to the factoring company.

6. Receive the remaining 5-10% of funds.

Once your customer pays, a funding fee of around 1.5% (depending on the payment timeline) is deducted. The remaining 5-10% of the total value of the invoices is available immediately to you.

By implementing payroll funding, your business can rely on its payroll cycle to efficiently offer customers and employees timely invoicing and payments. In addition, with factoring acting as a line of credit that's always in place, your organization can grow quickly without worrying about cash-flow problems.



of small businesses report **cash-flow challenges** are hindering their growth efforts, including the **ability to make payroll**.

What are the benefits of payroll funding?

When deciding if payroll funding is right for your business, consider the key benefits of introducing this practice into your organization.

Here are a few advantages staffing firms often experience through payroll funding:



Staff expansion.

You can feel more confident in growing your employee base when you can access consistent, reliable payroll funding.



Improved customer service.

Consistency in meeting payroll leads to happier staff, and employee satisfaction levels regularly correlate with higher customer satisfaction.²



Faster response times.

Waiting for compensation due to a client's payment terms is a significant challenge for startups. Payroll funding finances the gap between reimbursement and net terms, giving your business instant access to almost all the capital held in outstanding accounts receivable — and the ability to meet customer needs without delay.



Increased profits.

When your company has ready access to the capital it needs to grow, you can quickly scale your business and build profits in the process. Additionally, available 24-7 online reporting allows you to track your billing better and prevent payments from slipping through the cracks.



Improved return on investment.

With an investment in payroll funding, you can offer customers more flexible payment terms, as payment timelines will no longer dictate your cash flow. Additionally, because the factoring company will conduct customer credit checks and analysis on your behalf, you will have greater insight into the quality of your customers ability to pay.

² "The Key to Happy Customers? Happy Employees." Harvard Business Review. <https://hbr.org/2019/08/the-key-to-happy-customers-happy-employees>

Payroll Funding Process



Step 1

The staffing company submit invoices and supporting time cards to us to be funded for the upcoming payroll.



Step 2

We will verify invoices and timecards and ensure the customer intends to pay the invoices.



Step 3

We immediately transfer typically 90-95% of the total value of the invoices to your staffing company, with the remaining 5-10% is held until payment of invoices.



Step 4

Your customer will pay their invoices directly to us, and then, after deducting the 1-3% funding fee, we will release the remaining 5-10%.

Who does it work for?

Qualifying for payroll funding services is based primarily on two simple prerequisites:

1. Your company must be a business-to-business (B2B) or business-to-government (B2G) organization.
2. Your customers must be able to settle their invoices for services or products already rendered.

Payroll funding requires no minimum years in business, customer volume, or credit history on behalf of your company. As long as your customers are credit-vetted, it is easy to receive financing through payroll funding, even with a small book of business.

Payroll funding is an accessible and popular financing option for organizations in the U.S. and Canada — but it's not for everyone. Your company may not be a good fit for payroll funding if:

- **Your business solely invoices consumers.**

The factoring company purchases unpaid invoices primarily based on the creditworthiness of a business customer, but it cannot purchase invoices addressed to an individual.

- **Your business has a pre-billed or progress-billed invoicing system.**

The factoring company cannot purchase or fund your credit line if the invoice is billed before the service is complete.

How can I get started?

If you're ready to take advantage of payroll funding in your business, the process can begin in as little as a few days with Meritus Capital, a trusted leader in payroll funding solutions. For more than 20 years, our company has helped startups and high-growth businesses across the U.S. and Canada meet payroll goals, increase profits, and grow their organizations.

Our consultative approach is unique to your business, and we'd love to start working with you. It's easy as 1-2-3:

1. Access our quick online application process [here](#).
2. A member of our team will work with you to understand your business needs and set basic terms.
3. Start your payroll funding journey.

If you want to get started with payroll funding today, contact our team at info@merituscapital.com or call toll-free at (877) 648-3709.

The Meritus Capital payment process



Step 1

Contact us and schedule a consultation to discuss your unique needs and requirements.



Step 2

We will provide you with an onboarding package with all the forms and information needed to start.



Step 3

We will analyze your data to determine the best solution for your business needs, then send you a contract outlining the terms of the funding



Step 4

Once acceptance of our offer is received, we will implement our solution, monitor accounts receivable regularly, and provide the funds so you can pay your employees on time every time so you can focus on management and sales.